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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 08/31/07

Index:

(1) Interview with key cabinet ministers: Foreign Minister Nobutaka Machimura says becoming impatient would play into North Korean hands

(2) Interview with Finance Minister Fukushima Nukaga: Reviews previous policy from the public's viewpoint

(3) Interview with Agricultural Minister Takehiko Endo

(4) Agriculture Minister Endo intends to "stay on" in executive posts of three aid associations over political donations

(5) Panel to produce proposals on collective defense in November; Some in ruling bloc reluctant to change government's interpretation of Constitution

(6) Can Prime Minister Abe buoy up administration? First chapter in battle over Antiterrorism Law at extra Diet session

(7) Facts about civilian control (Section 4): Thinking of SDF as Japan's new garrison-SDF in transformation (Part 5): Guidelines-Alliance bolstered behind tragedy

(8) Estimated budget requests on table: Upper House election result likely to affect budget compilation; Requests center on five key items

ARTICLES:

(1) Interview with key cabinet ministers: Foreign Minister Nobutaka Machimura says becoming impatient would play into North Korean hands

YOMIURI (Page 2) (Full)  
August 30, 2007

-- What is your prospect for the upcoming second round of the Japan-North Korea working group on diplomatic normalization slated for Sept. 5?

Machimura: The previous one was not fruitful. I expect the upcoming one to produce some results, since we had to some degree a preparatory meeting. Because North Koreans are skilful negotiators, it would be good if we took a step or even a half step forward in the talks.

-- How do you define "progress" on the abduction issue?

Machimura: There is little point in defining it. The moment we declare "Japan's definition is this or that," we'll give the other side an excuse to argue against us. It's important to be ambiguous in the realm of diplomacy.

-- The United States is impatient to achieve results. We are worried that the abduction issue may be left behind.

Machimura: It will not easy to bring about a complete abandonment of their nuclear programs. They apparently are linking the possession of nuclear weapons directly to the survival of their state. I think

TOKYO 00004056 002 OF 011

it is strange to believe that the nuclear issue will be resolved at an early date, and it will be difficult to resolve the abduction issue. If we become impatient, we could come to play into North Korea's hands.

-- Do you intend to offer aid to North Korea, which has suffered from a flood? If you decide to do so, how do you explain about the relationship between aid and the basic principle of "no aid without any progress on the abduction issue"?

Machimura: I don't think it is a good idea to link everything to the abduction issue. It was a natural disaster. Even in the past we have provided (aid) to that country, regardless of its principles and its social system. We are discussing how to help it.

-- How about providing fuel oil?

Machimura: The abduction issue is a matter of national concern. I think it is difficult to provide fuel oil (to North Korea) at a time when there is no (progress) (on the abduction issue). We will make a decision while carefully examining what results the upcoming Japan-North Korea working group (in the six-party talks) will produce.

-- On the question of extending the Antiterrorism Special Measures Law, do you think the ruling bloc should be flexible enough to respond to discussion with the major opposition Democratic Party of Japan (DPJ or Minshuto) on revising the law?

Machimura: The DPJ is a responsible opposition party in the Upper House, where it can get things done. Given this, I think it should not stick with the same attitude it had previously. At the time of the Gulf war, Ichiro Ozawa, now president of the DPJ, was the strongest advocate of the need for Japan to make a direct contribution at a time when other countries were doing the same. I expect him to come up with a responsible answer. The DPJ, too, is supposedly thinking that they need to take some kind of anti-terror measures. I believe both of us can reach a rational conclusion if we discuss what to do in order to achieve a common goal. Aside from the case where the DPJ may try to drive the ruling parties into dissolving the Lower House for a snap election, if both of us think

about how to deal with the situation as a responsible member of the international community, I believe we can find an answer.

-- Regarding the reform of the United Nations Security Council (UNSC), do you intend to consider a provisional reform plan like establishing a rule for reelection of the permanent UNSC member nations?

Machimura: My concern is that if Japan declares at this point in time that it supports a mild reform plan, the move for reforming the UNSC would stop.

(2) Interview with Finance Minister Fukushima Nukaga: Reviews previous policy from the public's viewpoint

ASAHI (Page 4) (Full)  
August 31, 2007

-- The government has declared it would begin this fall discussion of a drastic reform of the tax system, including the consumption tax.

TOKYO 00004056 003 OF 011

Nukaga: We've promised the nation to increase the government's share of contributions to the basic pension within fiscal 2009. It is important to review the tax system, including the consumption tax, in order to secure a stable source of revenue for the pension programs. However, if the opposition bloc opposes our reform bill, no law will be enacted. I think it is important for the ruling parties to pull the major opposition Democratic Party of Japan (DPJ) into discussion. I want to give a detailed explanation to every party.

-- The DPJ opposes a consumption tax hike. Do you think the DPJ will respond to your call for discussion?

Nukaga: Winning a landslide victory in the recent Upper House election, the DPJ has now become a responsible party. I think the DPJ finds itself in a phase different from where it was before. In a matured democratic society, the ruling and opposition parties can discuss a safety net for the society and security issues. Now is a good opportunity to raise the level of politics.

-- Former Finance Minister Omi was positive about cutting the corporate tax in order to help firms increase their competitiveness.

Nukaga: Big companies have growth potential, but small companies and local economies have been in an impoverished condition. How to revitalize them is an immediate task I am facing.

-- What do you think should be changed in the previous fiscal management?

Nukaga: We've adhered to the structural reform line so as to enhance the economy's vigor. This must be retained, but at the same time we need to review the previous policy from the public's viewpoint.

-- Immediately after the Upper House election, some in the ruling Liberal Democratic Party (LDP) insisted that Prime Minister Abe should resign. How do you support the prime minister from inside the cabinet?

Nukaga: It's incorrect to think that I assumed the post of finance minister to back Mr. Abe. I accepted the post in the belief that politicians are responsible for willingly dealing with how to maintain Japan's international competitiveness and such problems as what to do about the ever-increasing social insurance burden. The LDP suffered a stinging defeat in the recent Upper House election, but it is my belief that revitalizing the LDP, which for many years has played an important part in post-war politics, would benefit the nation.

-- The top leader of the Development Bank of Japan, that of the Japan Bank for International Cooperation, and that of the National

Life Finance Cooperation are all to serve out at the end of September. Do you choose the new top leaders from the private sector or from among former bureaucrats?

Nukaga: Their jobs are important. I must install in those posts good persons in terms of their capabilities and insight. I'll appoint the right person for the right job.

(3) Interview with Agricultural Minister Takehiko Endo

TOKYO 00004056 004 OF 011

SANKEI (Page 11) (Full)  
August 31, 2007

-- What is your view on conditions for importing US beef?

"The US sets as a criterion that the age of the cattle can be (up to) 30 months. What is important is to take technical steps to prevent specified risk materials (SRM) from being included in beef shipments. This is not a matter settled through government-to-government talks. We must carefully check whether appropriate technical measures are being taken."

-- New multilateral trade liberalization talks (Doha Round) at the World Trade Organizations will move into full swing in September. What is your view on that?

"The proposal made by Agricultural Committee Chairman Crawford Falconer, (to pave the way for future discussion,) is worthy of appreciation to a certain extent. However, the contents such as the number of important products in the agricultural area are harsh. We need to collect more information, but at present, I think it would be acceptable, provided that some revisions are made."

-- The Democratic Party of Japan (DPJ or Minshuto), the number one party in the Upper House following the election, plans to introduce during the extraordinary Diet session a bill creating an income compensation system for individual farmers.

"We must deal with that issue, based on the reality that the opposition now controls the Upper House. However, I wonder whether such a proposal can gain the understanding of the public, since it would require an enormous amount of funding resources. We must be careful because if we earmark a budget to compensate farmers' income, we would be criticized for scattering about pork-barrel largesse."

-- What is your view on the possibility of revising the subsidy system applied to each crop type?

"There appears to be misunderstanding among farmers regarding requirements for becoming eligible for subsidies. Though I am not especially thinking of revising such requirements, I want to simplify the complicated procedures."

(4) Agriculture Minister Endo intends to "stay on" in executive posts of three aid associations over political donations

ASAHI ONLINE NEWS (Full)  
August 31, 2007, 12:06 p.m.

In response to the case of the ruling Liberal Democratic Party's (LDP) Yamagata Chapter's 2nd Constituency Branch Office having received political donations from a subsidy-granting organization, Agriculture Minister Endo explained at a press briefing this morning: "I intended to examine every item of expenditures, including the office expenses, but there was a mistake," apologizing: "I offer my sincere apology for having caused trouble and worried you."

It was the Yamagata Prefectural Livestock Industries Union that had contributed money to the LDP's local chapter. This union was granted

TOKYO 00004056 005 OF 011

a total of 17 million yen in subsidies and incentives from the Agriculture & Livestock Industries Corporation, an independent administrative agency under the supervision of the Agriculture Ministry, in 2004, the year before the union contributed to the local chapter.

When asked about three agricultural aid associations, such as the National Agricultural Insurance Association (NAIA), in which he serves as an executive officer, Endo said he did not receive any pay from them. Endo intends to stay in an executive post. This means that he will concurrently continue to serve as the top officer of the Agriculture Ministry, the supervisory body of those aid associations.

Endo served as director of the NAIA, chief director of the Yamagata Prefectural Agricultural Insurance Association, and chief director of the Okitama Agricultural Insurance Association, and received a total of 6.38 million annually as a pay from them. Reportedly, Endo will entrust the authority with the prefectural association's chief director to the deputy chief director and the authority with the Okitama association's chief director to the deputy chief director while he is in office as agriculture minister.

(5) Panel to produce proposals on collective defense in November;  
Some in ruling bloc reluctant to change government's interpretation of Constitution

YOMIURI (Page 2) (Abridged)  
August 31, 2007

The government's Council for Rebuilding the Legal Foundation for National Defense, chaired by former Ambassador to the United States Shunji Yanai, yesterday basically finished discussion on four scenarios presented by Prime Minister Shinzo Abe. The council plans to finalize its views on remaining moot points in order to come up with a set of proposals in November urging the government to change its constitutional interpretation prohibiting exercising the right to collective self-defense to open the door for collective defense. But given Prime Minister Abe's weakening grip on his administration following the ruling camp's crushing defeat in the July House of Councillors election and deeply-seated cautious views in the camp, many observers are skeptical about the feasibility of the panel's proposals.

The panel yesterday discussed how the Self-Defense Forces should take part in international peace-building operations. The Cabinet Legislation Bureau's (CLB) interpretation of the Constitution regarding logistic support, such as the SDF's transport, supply and medical services to foreign forces engaged in UN peacekeeping operations, is that any act that is regarded as fully integrated with military actions might be a violation of the Constitution. In the meeting, many called for a review of the CLB's interpretation, saying it is blocking Japan's peace-building activities.

From this May through June, the council discussed two scenarios: whether the SDF can counterattack when a US warship is attacked on the high seas, and whether Japan can intercept a ballistic missile that might be headed for the United States. The discussion led to the conclusion to urge the prime minister to change the government's interpretation in a way allowing the SDF to take appropriate actions in those two situations. Yanai in a Yomiuri interview yesterday indicated that the council is largely tilted toward a review of the

TOKYO 00004056 006 OF 011

government's interpretation.

After the council meeting, Yanai pointed out the following for further discussion: (1) matters closely associated with each other, such as the use of weapons and logistical support, (2) guidelines for altering the interpretation, and (3) why some acts are defined as violations of the Constitution.

Whether Prime Minister Abe will actually decide to change the interpretation after receiving the proposals remains to be seen. Now that the Upper House is controlled by the opposition, there is no

prospect for related bills, such as a bill to revise the SDF Law, to clear the Diet. New Komeito Secretary General Kazuo Kitagawa has also voiced his party's opposition to changing the government's interpretation of the right to collective self-defense. Pessimism is simmering in the LDP, as seen in former cabinet minister's comment: "The proposals would probably be put aside indefinitely."

Asked by a reporter last night about the political situation difficult to put the council proposals into shape, Abe simply said: "Discussion is still underway. I would like to see the council deepen its discussion."

(6) Can Prime Minister Abe buoy up administration? First chapter in battle over Antiterrorism Law at extra Diet session

YOIMIURI (Page 1) (Full)  
August 31, 2007

Democratic Party of Japan (DPJ) President Ichiro Ozawa blasted out at the government of Prime Minister Shinzo Abe in a meeting yesterday of the party's female lawmakers at the Grand Prince Hotel in Kioicho, Tokyo. Ozawa stated:

"In Japan, the Diet consists of the House of Representatives and the House of Councillors, which are of equal rank, called bicameralism. (Shinzo Abe) has stayed in the premiership even after the ruling coalition became a minority in the Upper House. I think this is because he does not understand the spirit of the parliamentary system."

He then stressed his determination to force the prime minister to dissolve the Lower House at the extraordinary Diet session to be convened on Sept. 10. Some in the DPJ have taken an icy view on the reshuffled Abe cabinet, with Deputy President Naoto Kan saying, "(Abe) puts priority to lasting his cabinet longer. He was able to contain calls for leaving office by giving cabinet posts to veteran lawmakers from various factions in the LDP."

Some other DPJ members also have said that the party should pay attention to the appointments of Toshihiro Nikai, a former aide to Ozawa, as chairman of the General Council and Tadamori Oshima, an experienced negotiator, as chairman of the Diet Affairs Committee.

A senior DPJ member, who has close ties with Ozawa, predicts that the LDP will rattle the DPJ by using the "Nikai-Oshima combination."

In order to counter the new LDP leadership, Ozawa will reshuffle the executive lineup today. While maintaining the triumvirate with Kan and Secretary General Yukio Hatoyama, Ozawa intends to pick veteran lawmakers as chairman of the Policy Research Committee and chairman of the Diet Affairs Committee.

TOKYO 00004056 007 OF 011

Ozawa also has started strengthening the solidarity of opposition parties. He told Hatoyama at a Japanese restaurant in Tokyo on the night of Aug. 20:

"In democratic society, numbers have power. I would like to form a parliamentary group along with the People's New Party, New Party Nippon, and independent lawmakers to grab a majority in the Upper House."

The DPJ parliamentary group has 112 members, ten short of the 122, which is the majority of the Upper House seats. If it can secure the majority, adding four People's New Party seats, one New Party Nippon seat, and independent seats to its 112, it will be able to pass bills through the Upper House, without asking the Japanese Communist Party for cooperation. When the DPJ submits first to the Upper House a bill to ban the use of pension premium payments for other purposes than pension benefits, it will be easy for the party to apply pressure on the ruling coalition.

Ozawa has continued feeling out the possibility of forming a loose-knit alliance with the People's New Party and New Party Nippon, thinking that he must not fail to form a joint parliamentary

group.

How the DPJ will response to an extension of the Antiterrorism Special Measures Law, which expires in November is the first test for the government and ruling camp.

The Antiterrorism Law has been extended three times. The DPJ opposed it each time in the past. If it opposes it again at the upcoming extra Diet session, chances are that Maritime Self-Defense Force troops, which have refueled US and other nations' vessels in the Indian Ocean, will be forced to withdraw.

In her meeting with Ozawa, German Chancellor Angela Merkel stated: "Japan should bear heavier responsibility for dealing with international terrorism." Ozawa, however, remained unchanged, citing that his party has no choice but to oppose the law's extension since the MSDF dispatch based on the Antiterrorism Law is not backed by a clear UN resolution.

Ahead of the extra Diet session, in which a fierce battle is expected to occur due to the trading of places between the ruling and opposition camps, there appears in the capital district of Nagatacho an idea of forming a grand alliance. Some hope for "partial alliance" on each policy.

Although the government and ruling coalition have taken a positive stance toward consultations on correcting the bill to revise the Antiterrorism Law, some ruling camp lawmakers think that it would be difficult to get the legislation through the Diet as long as Ozawa changes his opposition to the law's extension.

One month has passed since the LDP suffered a humiliating defeat in the Upper House election. The real ability of the Abe administration and the DPJ will be tested from now on.

(7) Facts about civilian control (Section 4): Thinking of SDF as Japan's new garrison-SDF in transformation (Part 5): Guidelines-Alliance bolstered behind tragedy

TOKYO 00004056 008 OF 011

TOKYO (Page 1) (Full)  
August 23, 2007

The ground was fearfully quiet.

On Oct. 21, 1995, there was a rally in a seaside park of Ginowan City, Okinawa Prefecture, with the participation of local residents. In the park, there were as many as 85,000 people coming out to participate in the rally. They were sharing their wrath and sorrow for the incident of US servicemen's rape of a local schoolgirl. On the platform was Okinawa Gov. Masahide Ota, whose shirt sleeves were rolled up. "I feel really sorry that I could do nothing to protect the dignity of a small child." With this, Ota expressed his regret. A local high school girl, representing the young, made an appeal. "Let me please ask to get back our island that is peaceful with no military troops-and with no tragedies-into our hands," she said. There were also some people who were moved to tears.

The rally ended after resolving on antibase efforts, such as strengthening discipline for US military personnel, revising the Japan-US Status of Forces Agreement (SOFA), and reducing the footprint of the US military presence on Okinawa. The following month, Japan and the United States set up an intergovernmental working group, which is called the "Special Action Committee on Facilities and Areas in Okinawa" or "SACO" for short, to discuss steps for realigning and scaling down the US military presence on Okinawa.

"Touched off by that incident, Japan and the United States will review their relations." Okinawa had such an expectation. However, the island prefecture's population was let down. In April of the following year, Tokyo and Washington announced a joint bilateral declaration on security to expand the scope of bilateral military cooperation from the Far East to the Asia-Pacific region. At the same time, the Japanese and US governments entered into an

arrangement called the Japan-US Acquisition and Service-Crossing Agreement (ACSA) for US forces and the Self-Defense Forces to provide each other with supplies and labor. Consequently, Japan and the United States have bolstered their military alliance further.

In fact, officials from Japan and the United States were reviewing the two countries' relations in private. The move had nothing to do with the rape incident.

In early September 1995, the Japanese and US officials met in a conference room of the Foreign Ministry, which is located in Tokyo's downtown area of Kasumigaseki-the center of Japan's bureaucracy with most government offices located. Meeting there in the Foreign Ministry's conference room were North American Affairs Bureau Director General Masaki Orita and US Assistant Secretary of Defense Joseph Nye. It was two months before US President Clinton's postponed visit to Japan. Orita and Nye were thrashing out the wording of a document titled "The Japan-U.S. Joint Declaration on Security: Alliance for the 21st Century," which was to be released on the occasion of Clinton's visit to Japan.

The joint declaration suggested the need for Japan and the United States to revise their guidelines on bilateral defense cooperation, and the document reconfirmed the bilateral security arrangement.

In those days, North Korea was allegedly developing nuclear weapons. Triggered by that nuclear crisis, Tokyo and Washington decided to

TOKYO 00004056 009 OF 011

review the defense cooperation guidelines. In March 1993, North Korea, which was pushing ahead with its nuclear development, declared its intent to break away from the Nuclear Nonproliferation Treaty (NPT). Time and again, Washington consulted with Tokyo on what the SDF could do to back up US forces in the event of emergencies on the Korean Peninsula.

The United States came up with a total of nearly 2,000 requests, such as minesweeping, underway replenishment for US naval vessels, and medevac or search and rescue operations for wounded soldiers. Tokyo, however, turned down all those requests in its answer to Washington. The United States, riled by Japan's rejection of the requests, demanded a review of the defense cooperation guidelines so that Japan could back up US forces during emergencies in the periphery of Japan.

Orita recalls: "In the event of emergencies on the Korean Peninsula, Japan cannot be allowed to do nothing. We needed to review the guidelines, and I thought it was a matter of concern to Japan's national security."

Gov. Ota was aware that Tokyo and Washington were about to review the guidelines. He had known the move from an American's essay. In the Vietnam War days, Okinawa was a frontline base for GIs. It came across his mind that local workers were engaged in disposing of dead bodies sent from the battlefield.

Ota noted: "Japan and the United States are going to cooperate in the event of emergencies near Japan. If that is the case, there may be a situation like the Vietnam War."

All eyes were on Okinawa over its base issues. The Japanese and US governments worked behind the scenes on reviewing the bilateral defense cooperation guidelines. "It's important to work on base issues," says a former senior official of the Foreign Ministry. "But," he went on, "we couldn't make light of the security arrangement."

On April 17, 1996, President Clinton and Prime Minister Ryutaro Hashimoto inked the Japan-US Joint Declaration on Security at the State Guesthouse, also known as the Akasaka Palace, in Tokyo's Motoakasaka. The declaration specified that the two leaders have agreed to begin the work of reviewing the defense cooperation guidelines. The Okinawa schoolgirl rape incident changed nothing in bilateral relations. It was the day Japan and the United States made the first step to integrate the SDF and US forces.



(This is the last of a five-part series written by Shigeru Handa, a senior writer, Hidehiro Honda, Political Section, and Takashi Nakayama, Yokohama.)

(8) Estimated budget requests on table: Upper House election result likely to affect budget compilation; Requests center on five key items

ASAHI (Page 11) (Full)  
August 31, 2007

Budget request estimates for fiscal 2008 are now on the table with the closing day on August 31. Following the crushing defeat of the ruling bloc in the July Upper House election, voices calling for a boosting to budgets to secure people's peace of mind and to be

TOKYO 00004056 010 OF 011

distributed to regional districts are gaining ground. Government agencies' calls for boosts to their budgets are growing stronger. Since there is a possibility of the Democratic Party of Japan (DPJ or Minshuto), which has become the top party in the Upper House, submitting a set of budget-related bills, the compilation of the fiscal 2008 budget will likely be turbulent.

Prime Minister Abe in early August, right after the devastating defeat of the LDP, ordered the Finance Ministry to make regional revitalization, strengthening growth potential, education reform and environment-centered programs key points in compiling the budget. The LDP and the New Komeito also requested the addition of national safety and peace of mind, increasing the number of key items to five. Many government agencies have filed budget requests in line with those five key policy items.

The Ministry of Health, Labor and Welfare (MHLW) will focus on peace of mind in the national life. It has requested 76.5 billion yen, up 18 PERCENT from the initial budget for fiscal 2007, as a budget for establishing a better medical-service system. Of that amount, 16 billion yen would be allocated to alleviating the shortage of doctors. The MHLW has also called for establishment of a subsidy system for transporting patients who have to go to hospitals in distant locations due to the integration of hospitals. Its plan also includes the deployment of medical helicopters to enable doctors to provide patients in remote areas with medical treatment. MHLW Minister Masuzoe underscored, "In some municipalities expectant mothers have to go to neighboring towns to give birth. The shortage of doctors is a major problem stemming from the social structure."

The Ministry of Land, Transport and Infrastructure (MLIT) is trying to find a means of survival in regional revitalization, such as revitalizing downtown areas and additional subsidies for community renovation. In a framework for requests for the enforcement of key items, the MLIT has requested a total of about 110 billion yen for the consolidation of basic road systems and Haneda Airport, noting that such efforts will lead to strengthened international competitiveness and regional revitalization.

However, some government agencies are not satisfied. That is because even though their frameworks for requests have been expanded, making requests would end up in vain without an increase in fiscal resources, as one official in charge of budget requests noted.

A Finance Ministry official noted, "The request framework is absolutely for the sake of making requests only. We will not augment fiscal resources. We will settle the amounts requested within the scope of the budgetary request guidelines, such as a 3 PERCENT cut in public works." However, the government agencies' side is determined to demand an increase in fiscal resources in order to prevent their requests from being settled within the framework, as a senior MEXT ministry official put it. The battle between the Finance Ministry and other government agencies will likely drag on until the end of the year.

There are other signs of friction over the fiscal 2008 budget, including the moves of the DPJ, which has taken a leap forward with the Upper House election.

The DPJ included the introduction of a monthly child allowance worth 26,000 yen per child and an income guarantee system for individual farmers. Both proposals require budgetary measures. Chances are that

TOKYO 00004056 011 OF 011

the DPJ may submit budget-related bills to the regular Diet session to be convened in January next year.

Some Finance Ministry officials take the view that if the ruling and opposition parties cannot reach a consensus on the DPJ proposals by year's end, when the draft budget is finalized, it would cause major trouble, including the possibility of revising the budget bill, as one senior Finance Ministry official put it.

DONOVAN